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Solar Advocates
 Arizona Solar Energy Industries Association
 Solar Alliance
 Vote Solar Initiative

12

**Exceptions to staff Recommended Order and Opinion Regarding APS
 REST Implementation Plan
 (Docket No. E-01345A-07-0468)**

Exception 1

Insert where appropriate

It is the Commission's position that "Option A" is the most conducive to successful implementation of the Renewable Energy Standard and Tariff, is most in keeping with REST rules, and should be the position of the commission.

We believe that of the two options outlined by staff, "Option A" is the most conducive to successful implementation of the Renewable Energy Standard and Tariff (REST) program since it most closely mirrors the Joint Proposal filled by APS and the Solar Advocates.

Exemption 2

Page 23, Line 23 – Insert the below

The Commission supports development of Renewable Energy Service Agreements (RESA), wherein a third party installs, owns, and operates a renewable energy system on the behalf of a non-residential customer, as a means of acquiring distributed renewable resources through APS's Distributed Energy Administration Plan.

The Commission has no intention of regulating companies that engage in the development of RESA projects that meet the requirements to participate in the programs established under APS's Distributed Energy Administration Plan.

It is critical for the realization of REST goals and the efficient use of commission time and energy that companies entering into these third party contracts not be regulated as a public utility.

Arizona Corporation Commission

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Exemption 3

Page 21, Line 4 – Replace "Six" with "Five"

Page 21, Line 9 and 10 – Replace "two ramp up years" with year

Page 21, Line 12 – 19 – Replace with below chart.

		Allocation of the DRE Requirement		
Current DR Requirement		Residential (Customer Sited)	Non-Residential (Customer Sited)	Wholesale Distributed Generation Component*
2008	10%	Minimum 25%	Minimum 25%	Up to 50%
2009	15%	Minimum 25%	Minimum 25%	Up to 30%
2010	20	Minimum 30%	Minimum 30%	Up to 10%
2011	25	Minimum 35%	Minimum 35%	Up to 10%
2012 and After	30	Minimum 35%	Minimum 35%	Up to 10%

These changes would allow APS to utilize non-customer controlled, non-customer sited wholesale projects to meet the first year goals, while in subsequent years, maintaining the strong true distributed generation objectives originally approved by the commission in the REST.

Without the above changes, it is probable that an unnecessary percentage of the Distributed Energy Requirement for APS in years after 2008 will continue to be met by a relatively low number of non-customer sited wholesale projects.

Exemption 4

Page 15, Lines – 10-22 Strike

Page 26, Lines – 15-17 Strike

The Solar advocates object to these sections because they introduce a high degree of uncertainty into the APS Implementation plan. Without an accurate count of the number of unfunded DE systems that have been installed since January 1, 2004 that are eligible to receive retroactive REST funding, it is impossible to predict the potentially negative impacts this provision could have on the amount of funding that would be left over for new RE deployment. Accordingly, we cannot support this provision without more information.